

The same goes for \$22 billion in supposed savings in the discretionary account. No real changes—the cuts are just going to happen somehow.

Then—please stay with me, follow this—the administration predicts, based upon these assumptions, assumptions that really have no basis in fact, that as a result of these things certain other things will occur that will save another \$70 billion from lower interest rates; yet another \$175 billion thanks to economic growth—lower interest rates and economic growth, based upon assumptions that have no basis in fact, that have no support, that have no specifics.

A few years ago there was a popular song that asked, "Do You Believe in Magic?" The American people no longer believe in magic when it comes to the Federal budget. They believe it is time to sweep away the smoke and mirrors. It is time to start buckling down and making the tough choices.

Sadly, the administration proposal is not even smoke and mirrors. There are not any mirrors in that proposal. It is all smoke. When you say we are going to cut \$475 billion out of the budget without actually changing anything, without actually paying any kind of price, that does not even qualify as a trick. The time for that kind of falsehood, I think, is over. It is time for truth. It is time for decisions. And that is what Congress is trying to do in this historic reconciliation bill.

A vote for the reconciliation package is a vote to balance the budget so we can start reducing the national debt and put America on a course toward a future we can be proud to leave our children. A vote against the reconciliation package, I believe, is a vote to stay the course, a vote to take today's staggering deficits and hand them to our children and our grandchildren, to give our children and our grandchildren our bills for them to pay.

When the smoke clears, there is one fundamental difference between the President's budget proposal and our budget proposal. Under the President's plan, we will leave our children and our grandchildren our bills. Under our plan, we will balance our budget so our children and grandchildren will not have to pay our bills. For America, I believe it is a clear choice between two very distinct and different futures. That is why I intend to vote for this reconciliation package.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I understand the distinguished Senator from Minnesota [Mr. GRAMS] is here to speak under the order reserved in my name. I yield the floor so he can be recognized at this time.

The PRESIDING OFFICER. The Senator from Minnesota.

THE BUDGET

Mr. GRAMS. Mr. President, I am honored to join with my freshman col-

leagues and others this morning as we share our thoughts on the important work that is being undertaken this Congress. We may be new to the Senate, but together we carry the powerful and, in Washington, novel idea that the tax dollars are not the Government's money.

While I was growing up on my family's dairy farm, we did not have much need back then, it seemed, for the Federal Government. As long as the mail got delivered and there was something to collect when they cashed in their war bonds, my folks and their neighbors really did not have much reason to concern themselves much with what was going on in Congress. They certainly did not turn to Washington when they needed a helping hand. They never really thought of doing that, and I expect they never thought anything would come of it if they tried.

They did not believe Government should have the right to take as much money as it thought was fair from some Americans and, in turn, give as much money as it thought was fair to others. If the Government can confiscate the wealth of some, it can take it all from all.

We agree that taxes need to be collected for our national security, our transportation, our good sewer and water systems. But we do not want our hard-earned money taken for social engineering and the redistribution of wealth, disregarding the people who have worked so very hard to earn it, invested all they had, and took, in many cases, enormous risks.

If you had worked hard to save what you have, we have had a Congress over the last 30 years that believed this money actually belonged to Washington. The Democratic leaders have used your money to basically create not a level playing field, but a dependent class. They have used your money to buy, in many cases, political support and votes.

There was a time in this Nation's history when neighbors counted on their neighbors for help. Whatever involvement from the Government they may have needed came partly from the State, but most of their contact with Government came at the local level. If there were improvements that were needed for the good of the community, folks scheduled a town meeting where they talked over their problems and then made those decisions. It was open democracy at its most basic level. Most important, the choices were made by the community and made voluntarily, and the town got to see exactly where their tax dollars were going and they enjoyed the direct benefits of pooling together their money.

They did not need a department of education or housing or transportation. That is what families and the communities were for. But then, beginning sometime during the 1930's, while the Nation was rebounding from the Great Depression, the Federal Government began inserting itself more di-

rectly into American life, and the idea started to take hold that Washington somehow had all the answers. That philosophy grew even more quickly during the 1960's and into the 1970's. Washington became the center of power by confiscating the people's money and using that money to make decisions that Washington felt were best for the people.

As that power was taken away from the American people, more and more people were forced to start relying on the Government rather than relying on each other. Mr. President, just ask your constituents. They know how much more of their tax dollars Washington has demanded year after year.

Back in 1948 the average family of four paid just 3 percent of its annual income to the Federal Government. That jumped to nearly one-third of their paychecks by 1993, when President Clinton pushed a \$275 billion tax hike through this Congress, a record-breaking tax increase that even now he admits was too much.

Somewhere along the line, the big spenders who used to control Congress forgot just who the money really belongs to. They have passed laws that say you have to pay more so they can spend it where they see fit. When you do this for more than 30 years, they not only forget who the money really belongs to, but they begin to believe that it actually is theirs. They did this again by passing laws one at a time that say you owe Washington its due.

Again, I am not saying that we do not need a strong Federal Government and it will cost us money in the form of taxes to support that, but not half of everything that we earn, while the appetite in Washington for your tax dollars continues to grow. This transfer of cash away from the local communities into the Federal coffers has stripped people of so much of their money that they have little left to invest in their own communities, toward caring for the less fortunate and to making their neighborhoods better places to live. Government has taken the place of private charity, of neighbor helping neighbor, and has even usurped the role of families, in many cases, in caring for children and in caring for the elderly. In fact, a lot of things have become the problem of the Federal Government.

Already this year I have received 155,000 letters from my Minnesota constituents. The majority of those letters express opinions on the issues that we are currently debating in Congress, and I need that kind of feedback. But an ever-increasing percentage of mail we get here in the Capitol is from people looking to Washington for help.

Washington creates the problem. Then Washington offers to fix it. It is a catch-22 cycle, and it certainly is not governing. If the Federal Government reduced taxes and let the people keep the dollars they earned, maybe they would not need to go to the Federal Government with those outstretched hands.

I ask my colleagues on the other side of the aisle, Why do you denounce our plans to give working-class Americans some of their own money back through a tax cut? They argue that we cannot afford to give anybody a tax cut. But who is we, Mr. President? Is not we supposed to be the people? And how can Congress not afford to give back to the people something which is actually theirs in the first place?

It is no wonder that some of our colleagues are fighting us every step of the way on our tax-cutting plans. They see the power being stripped away from them, and it scares them.

The \$500 per child tax credit is powerful relief for overtaxed American families. Yet, compared against 1 trillion in tax dollars which the Federal Government will collect in 1996, a tax cut that amounts to about \$35 billion a year makes a pretty small dent in the national tax bill. But it is a sign that Congress has heard the people, that the tide which has tugged against the taxpayers for so long is finally beginning to shift in another direction, that someone in Washington has finally remembered that it is not the Government's money.

For too many years, Congress has been eating the people's dessert while the people have been eating the gruel. Congress taxes away the workers' college fund or vacation, or their downpayment on a home, and then make the workers come to Washington looking for help. I say it is time we give them a break.

Congress has enjoyed handing out other people's money so much that they have spent all the taxes that I will pay. They have even spent some of the taxes my children will pay, and they have even begun to spend some of the taxes that my grandchildren will pay.

Mr. President, the soul of any democracy is the idea that the power still rests with the people. The only purpose for which power can be rightfully exercised over any member of civilized communities against his will is to prevent harm to others. And that is something that was written by 19th century English economist, John Stewart Mill. His own good, either physical or moral, is not sufficient. All that my freshmen colleagues and I are trying to do is give back to the people the power that rightfully rests with them.

Finally, Mr. President, we will balance the budget. We are going to push ahead with our tax cuts, and at every opportunity, through our legislation or statements on the floor, we will be here to remind our fellow Senators again and again that it is not the Government's money, that it belongs to those who earn it.

Thank you very much.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Mr. President, I thank the Chair for recognizing me.

Mr. President, I do not know if this is necessary. But I ask unanimous con-

sent that the time I use be taken out of the time as previously under the order allocated to the minority leader, Senator DASCHLE.

The PRESIDING OFFICER. Without objection, it is so ordered.

GATT AND PRESCRIPTION DRUGS

Mr. PRYOR. Mr. President, the Senate is in the midst of a crucial debate over Medicare and Medicaid. In the midst of this controversy, the fate of a single bill or amendment might be inconsequential. But today I rise to discuss a bill which speaks clearly and directly to a very simple question at the heart of all of this debate, and that question is this: Can the Senate do what is best for the American people?

My colleagues, Senator CHAFEE of Rhode Island and Senator BROWN of Colorado, and I have offered just such a proposal. Compared with the matter that we began debate on Wednesday in the reconciliation bill, our proposal is simple, and it is easy to miss. But it is important. It is crucial. It admits a congressional mistake, and it fixes a congressional mistake. It closes a glaring legislative loophole and saves billions of dollars in the process.

But, most important, it sends a very simple message to the American people: Congress makes mistakes, but Congress can fix those mistakes when the interests of the American people are at stake.

Mr. President, we offered this bill because the interests of the American people—both as taxpayers and as consumers—are clearly at stake here. And deep down my colleagues know it, too.

Let me briefly describe our proposal. It enjoys broad bipartisan support in the Senate and in the House and has been endorsed by every single Federal agency involved with trade, patents, or drugs: the U.S. Trade Representative, the Patent and Trademark Office, and the Food and Drug Administration.

Mr. President, here is what it does: When Congress passed the GATT Treaty last year, we enacted two transition provisions. First, we granted a generous extension to all current patents. Second, as a condition of that extension, we permitted generic competitors onto the market on the old patent expiration date if they had already made a substantial investment and were willing to pay a royalty. That was our agreement. That was our discussion as it related to GATT. These changes were universally understood by all of the negotiators from every country, from every industry, from every economic aspect of our economic life in America.

Let me be very clear on this point. U.S. Trade Representative Mickey Kantor states categorically in a letter dated September 18 to me that the law was meant to apply universally, that there would be no exceptions. The GATT negotiators themselves—the experts who physically sat down at the table and negotiated the GATT Treaty

on behalf of the United States—have personally confirmed that the transition provisions were meant to apply to every single person, product, company, and industry in the country.

There was a loophole. And guess who came out smelling like a rose? A few pharmaceutical drug companies, who now—if we do not do something about it—are going to have a free ride for the next 3 years when generic competition is poised and ready to compete with them in the marketplace.

This spring the Congress discovered this loophole. We failed to modify this loophole in the Finance Committee because of a technical problem. When we passed the GATT Treaty, we inadvertently gave the prescription drug industry a giant unintended windfall. Of all the companies, of all the products in America—from automobiles to zippers, computers and TV parts, everything—only prescription drug companies, only drug companies, received a competition-free patent extension, a free ride, a windfall.

In fact, when one of the officials of Glaxo Co., that manufactures Zantac, heard about this loophole being discovered, his first word was—and I quote—“eureka.” They got the extension, and they were mistakenly shielded from the competition intended by GATT. Without that competition, today a handful of drug companies are now, beginning today, receiving a whopping multibillion-dollar windfall paid for by consumers and paid for by taxpayers.

This was a simple mistake of oversight, Mr. President. I wish to emphasize that. We make mistakes around here every day. Sometimes we correct them and sometimes we do not. But this is an opportunity to correct that mistake. Every authority that I have spoken to, every Member of this body, every Senate committee, and every Government agency admits this was an error, and now we have a chance to change it. Even the companies that gained this unjustified multibillion-dollar windfall admit it was a mistake.

This is why my colleagues, Senators CHAFEE and BROWN and myself, will be offering this amendment. This amendment does one thing and one thing only. It applies GATT to those few drug companies the same way it applies to every other company and every other product in this country. Unless we correct this loophole today, enormous profits, unjustified and unexpected, will go to those few companies. We have already taken the first steps to a solution, but 3 weeks ago we were blocked by a procedural technicality in the Finance Committee. And make no mistake. The only way to rectify this problem is here and it is now. The Senate is the court of appeals for this issue to be decided.

If there is any doubt whether Congress should fix its own mistakes, I have some news for my distinguished colleagues. The Patent Office and the FDA have tried to correct this problem on their own. They failed because of